

FY08 Q4: Non-GAAP Reconciliations

Worldwide Neuromodulation revenue growth excluding the impact of the divestitures of the diagnostics product portfolio (in millions)	FY08 QTR 4	FY07 QTR 4	% Change
Neuromodulation revenue, as reported	\$381	\$326	17%
Diagnostics product portfolio revenue	—	(13)	N/A
Neuromodulation revenue, adjusted	\$381	\$313	22%

Worldwide SG&A expenses, excluding the Kyphon business, as a percentage of revenue (in millions)	SG&A FY08 QTR 4	Revenue FY08 QTR 4	% Revenue
Selling, general, and administrative expenses, as reported	\$1,296	\$3,860	33.6%
Kyphon selling, general, and administrative expenses	(88)	(150)	(1.0)
Selling, general, and administrative expenses, adjusted	\$1,208	\$3,710	32.6%

Income Tax Rate	FY08
Effective tax rate	22.67%
Less: Impact of special, restructuring, certain litigation, and IPR&D charges	(1.67)
Adjusted tax rate	21.00
Add: Impact of certain tax adjustments	1.00
Non-GAAP nominal tax rate	22.00%



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Non-GAAP Operating Income Growth (in millions)	FY08 QTR 4	FY07 QTR 4	% Change
Earnings before income taxes	\$1,003	\$855	17.3%
Special Charges	-	98	
Restructuring Charges	31	36	
IPR&D Charges	47	-	
Other expense, net	188	52	
Interest expense/(income), net	<u>5</u>	<u>(41)</u>	
Non-GAAP Operating Income	\$1,274	\$1,000	27.4%

Non-GAAP Diluted EPS Growth	FY08 QTR 4	FY07 QTR 4	% Change
Diluted EPS, as reported	\$0.72	\$0.70	2%
Special Charges	-	0.05	
Restructuring Charges	0.02	0.02	
IPR&D Charges	0.04	-	
Discrete tax adjustments	<u>-</u>	<u>(0.11)</u>	
Diluted EPS, adjusted	\$0.78	\$0.66	18%